

U. S. BANK SYSTEM GETTING SOUNDER SAYS GOV. HARDING

Stronger To-day Than for
Many Months, According
to Federal Reserve Head.

BUSINESS RECOVERING

Whatever Danger of Crisis
There May Have Been Is
Passed Now.

OPTIMISM IS JUSTIFIED

Extravagant Tendencies Are
Checked and Normal Attitude
Sets In, He Asserts.

By DONALD MACGREGOR.

Special Despatch to The New York Herald.

New York Herald Bureau,
Washington, D. C., Jan. 29.

"Our banking system is sounder and stronger to-day than it has been for many months. Business, at first over-exhilarated and then unduly depressed, has recovered its normal state of mind. The significance of this fact is apparent to us all, and we are warranted in looking to the future with a feeling of conservative optimism, with renewed courage and restored confidence, which will make easier our task of overcoming the problems which are ahead of us."

This is the encouraging opinion of W. P. G. Harding, Governor of the Federal Reserve Board, based upon the most intimate knowledge of the banking situation throughout the world. The view is of vital importance at this time of reconstruction, when the United States and all other nations, shaken to their very foundations by the war, are struggling to get back to a normal basis.

Governor Harding is the executive head of the Federal Reserve system, comprising the entire United States, with a membership of 5,672 banks and trust companies. Almost all of the most important banking institutions of the country are in the rolls. Their condition, as a whole, is known in intimate detail by the official who, more than anybody else, voices the general policies that are adopted.

Every Tremor Recorded.

It is for this fact that Governor Harding's statements on financial conditions command the attention of the entire banking and business community. He may be regarded as a sort of seismograph, recording the slightest financial tremor.

"Whatever danger of a crisis there may have been has passed," Governor Harding declared when I visited him in his office in the Treasury Department. "There were some people who thought that, and perhaps there still are some, although I don't believe a great many, who took a very gloomy view of the future. Some did not hesitate to express their dissatisfaction with the functioning of the Federal Reserve system."

"I believe it is now quite generally conceded that our present banking system, which has been put to the severest tests during the last few years, has met them all. It has demonstrated its ability to extend credit to the volume sufficient to meet the requirements of the country in time of war and during the last year has shown its ability to hold expansion in check and ward off any danger of a money panic."

Governor Harding sat back in his chair, fumbling subconsciously with a cigar, the wrapper of which was gradually separating itself from the end. After a brief pause—characteristic of a banker—he continued:

"Prices in this country began to rise early in 1919, with the abnormal demands made upon us by the belligerent nations of Europe for supplies of all kinds, not only the necessities which are required in times of peace and war alike, but also for munitions and all sorts of military and naval equipment."

Demand Sends Up Prices.

"Quick deliveries were essential and costs of secondary importance. Production could not keep pace with the combined domestic and European demand, and naturally prices began to soar sky-high. Gold began to flow into the United States—during 1915 and 1916 we imported gold to the amount of about \$1,200,000,000, found its way into the Federal Reserve banks. The amount of gold held by the Federal Reserve banks has varied in the last two and a half years from about \$1,940,000,000 to about \$2,200,000,000, as you know, is the base of our banking and credit structure."

"Following the armistice, it will be recalled, there was a period of uncertainty and hesitation, running for three or four months—a period during which the world took inventory and ascertained to some extent its immediate needs. This period terminated when the world set out to satisfy the needs thus determined, and its post-war demands were made largely upon the United States."

"It was along in May, 1919, when the boom times set in. Prices naturally climbed—the market was dominated by the buyer and not the seller. In the autumn of 1919 speculation became rampant and it was evident to some that the country was losing its sense of proportion. A great many persons had ceased to rely on sound business judgment and were prone to regard conditions that existed as being more or less permanent."

"From September, 1919, to January, 1920, a period embracing about four months, the invested assets of the Federal Reserve banks, including loans made by them to the banks which are members of the Federal Reserve system, and which in turn made loans to individual borrowers, increased almost \$1,000,000,000, an advance from about \$2,250,000,000 to \$3,250,000,000."

Reserve Percentage Declines.

"This was reflected in the reserves of the Federal Reserve banks, the percentage of gold and lawful money to circulation and deposit liabilities combined being 6 per cent. lower than the percentage in January, 1919. A factor which contributed to this reduction in the reserve percentage of the Federal Reserve banks was the lifting, except with respect to Soviet Russia, of the restrictions imposed during the war on the shipment of gold out of the country."

"It was then," I asked, "that the brakes were put on?"

"It became evident during the last half of 1919," Governor Harding replied, "that the redoubtable facilities of the Fed-

"Bushel of Blackbirds" Killed by One Shot

BIVALVE, N. J., Jan. 29.—A flock of thousands of black birds has been passing over Port Norris every morning at about 7 o'clock, for the last few days. The noise of the wings of the immense flock sounds like a strong wind. The birds settle regularly in one spot every morning. A farmer near that spot recently shot into the flock when they alighted. He said he killed "a bushel" of the blackbirds.

eral Reserve banks were being used too freely, and that unless corrective measures were applied a most unsatisfactory situation might develop. A slight advance of discount rates at the Federal Reserve banks was made during November, 1919, and during the latter part of January, 1920, rates were sharply advanced.

"While the higher discount rates doubtless brought about some liquidation and checked the wild rate of expansion, they did not bring about general liquidation throughout the country. In May the demands, which usually are made at the time of the spring plowing, had been largely met, but we had ahead of us the heavy demands for bank accommodations required in the autumn for the harvesting and marketing of the crops."

"In view of the fact that no reduction in the total volume of loans was taking place as a result of the advances made in the discount rates, it was feared that unless a more discriminating judgment was used by member banks in granting accommodations, the country would be confronted with a real crisis during the crop moving period."

Differentiation of Loans.

"The Federal Reserve Board pointed this out to the banks of the country, and suggested that they give applications for loans for essential purposes preference over loans for non-essential purposes. The board made it clear, however, that the banks themselves, and not the Federal Reserve Board or the Federal Reserve banks, were to determine the essentiality or non-essentiality of the purposes for which the proceeds of loans asked of them were to be applied. Our problem, therefore, was to check further expansion and to bring about a normal and healthy liquidation without curtailing essential production and without shock to industry, and so far as possible, without any disturbance to legitimate commerce and business."

"Some improvement in the character and liquidity of bank credits was noted following this advice to the banks, although it was not until the end of the Federal Reserve banks continued to increase, due largely to crop moving demands, up to November 5. Since that date there has been a marked reduction in the total loans and discounts of the Federal Reserve banks and consequent improvement in their combined reserve condition."

"I feel that whatever the shortcomings of the banks of the country may have been in failing to check the expansion during the times when a speculative boom of the country was in vogue, they have redeemed themselves by their attitude and conduct during the last six months."

"During the last four or five months the situation has been exactly the reverse of that which existed in 1919. During the boom times which extended well into the year 1920 the warnings which were given were unheeded generally, and a great many who admitted that reaction and readjustment must come deluded themselves into the belief that the reaction would hold others in check without affecting themselves."

Effect of Readjustments.

"The effect of the readjustments which have taken place in this country has been painful. Every section of the country has been affected, and it is not unnatural that the spirit of pessimism should have run amuck just as in the months preceding the spirit of optimism exceeded all reasonable bounds."

"The effects of reaction," Governor Harding continued, "have been less severe, however, in the United States than in any other country where the reaction of bank credit and currency had been proportionately greater and the prospects for revival are also far better here than elsewhere."

"A hopeful factor in the present situation, as I see it, is that we have returned to a normal state of mind. Extravagant tendencies have been checked, and the importance of the individual living within his means has been brought home to us. At the same time the wave of profound pessimism has passed by. The main thing for us to do now is to retain a normal state of mind, to be safe, sound and calm in our judgments."

"There are signs in evidence that the extreme depression which has occurred in some industries is near an end. The situation, which has been one of the worst with which we have had to contend, is improving. There are indications that the cotton mills will soon need increased supplies of raw cotton. The wheat crop is moving gradually but steadily to market."

"A thought which should be kept clearly in mind is that our problems during this period of readjustment are not domestic problems merely, but they are problems connected with the readjustment of conditions throughout the entire world. Europe cannot work back to normal without the help of America, and America cannot become normal until the normalcy of Europe is in some way restored and until the restoration of the world is far enough to justify the conclusion that it will eventually be completed. Of course, the political stabilization of Europe is most desirable, but this need not be better assured as her economic and financial rehabilitation develops."

MEXICAN DRYS BEATEN ON SUNDAY CLOSINGS

Supreme Court Decides in
Favor of Saloon Keepers.

MEXICO CITY, Jan. 29.—The "dry" elements of the Mexican Government have just suffered defeat in an attempt to close the cantinas, or saloons, on Saturday nights and Sundays. The "wets," comprising some 3,000 cantina owners and their patrons, are rejoicing.

The Government has strong "dry" leanings, the chief executive being alleged to favor prohibition and E. Plutarco Calles, Minister of War, being known throughout the republic as a "bone dry" advocate.

Several weeks ago a Presidential decree closed all places where liquor was sold from Saturday night at 6 o'clock until Monday morning at 7. This edict had a depressing effect upon Saturday night revelry.

More than two thousand local vendors of liquor signed a request that the Government be legally restrained from enforcing the decree. After the question was violently agitated in the newspapers, the Supreme Court handed down a decision which virtually granted the request of the "wets" by naming several hundred cafes and cantinas where liquor might be sold over Sunday. This order was later expanded to include all cafes and cantinas and the "bone dry" decree is a myth so far as the capital is concerned.

President de la Huerta's "dry" decree was the subject of much satirical comment in the newspapers. Handbills and placards were distributed on the main streets ridiculing the measure by burlesquing it. For instance, one bill carried a purported decree stopping property from sunset Saturday to sunrise Monday.

FEDERAL PRINTING WASTE CHECKED

Congress Committee Makes
Inroads in \$14,000,000
Annual Cost.

PUBLICATIONS DROPPED

Many Abuses of Privilege

Eliminated and Economies
Instituted.

Special Despatch to The New York Herald.

New York Herald Bureau,
Washington, D. C., Jan. 29.

The Government's printing bill every day in the year is \$28,250. This is the cost of producing that sparkling publication, the *Congressional Record*, the tons and tons of Government documents, executive, legislative and judicial; countless income tax and other forms that are widely distributed; the envelopes needed to mail them and the stacks of other printed things required in the conduct of Federal business.

The United States Government is the largest single user of printed matter in the world. There is no other nation where the consumption of paper and ink is so widespread as part of the administrative work. Continuing, for the instant, with superlatives, the most gigantic printing establishment in existence is located in Washington, the Government Printing Office.

That giant plant turns out printing at the rate of \$12,000,000 a year, but there is an overflow of about \$2,000,000 that has to be done, for one reason or another, in outside shops.

\$14,000,000 Annual Cost.

At one time the Government printing bill was bolstered by the publication of 266 journals, magazines and periodicals, put out by various branches of the service, notably the army and the navy, to the extent of \$2,500,000 a year. Those, however, have been reduced to a total cost of about \$1,200,000 a year, but the figure goes into the lump sum of \$14,000,000, which is the estimated cost of Government printing from one calendar's end to the other.

In addition to the Government Printing Office there are, or were at least before a Congressional reorganization now in progress was instituted, 287 governmental printing plants operating about 500 presses and about forty typesetting machines scattered over the United States and employing more than 800 men and women, with an annual wage of approximately \$600,000. In New York city alone there are half a dozen printing plants in operation by the various Government services.

The desire to save Government funds has started an agitation in Congress to maintain a greater supervision over Government printing, with a view, if possible, of reducing the volume and doing away so much as possible with needless waste. The work of reorganization is in the hands of the Joint Congressional Committee on Printing, with members from both the Senate and the House serving as a sort of board of directors of the Government printing business. The chairman of the committee is Senator Reed Smoot (Utah); its members are Representatives Edgar W. Rouse (Pa.), Senators George H. Moses (N. H.) and Marcus A. Smith (Ariz.) and Representative Albert Johnson (Wash.) and James V. McInnis (Okla.). The committee has exceedingly broad powers in eliminating waste in Government printing.

Last year the committee eliminated 111 of the 266 journals and magazines maintained by the various Government services. Others will be dropped later. It has meant already a saving of half the \$2,500,000 cost to the Government. Furthermore, the committee has cut the authorization for printing done outside the Government Printing Office from the \$2,075,200 requested to \$1,181,100, making a net reduction of \$894,100.

System of Appropriations.

Much attention is being paid by the committee to the abuses of certain features of the law which permit printing to be done outside the Government Printing Office. This is made possible by the system of Federal appropriations making printing funds available in two ways, one directly for the maintenance of the Government Printing Office, and second, funds appropriated outright to the various departments for printing. The theory of the appropriation to the departments has been that they would repay the Government Printing Office for such printing as they had done general printing, the need for which did not appear at the time of the adoption of the appropriation bill. In ordinary times the "repayment" has amounted to well in excess of \$1,000,000 a year.

The committee has insisted that all the printing possible be turned over to the Government Printing Office and that the private plants be dropped. After a careful examination it has reached the decision, despite arguments to the contrary, that the Government Printing Office is able to do its work at least cost than private printers have to charge. An economy of not less than \$800,000 a year would result, according to the estimate.

Revision of Mailing List.

There is a tremendous waste in Government printing, due to the fact that the various departmental mailing lists are not kept up to date. Once a name gets on the list it remains there, and the flood of printed matter grows and grows. Members of Congress, newspaper correspondents, newspapers in all parts of the country and many individuals who do not even want the publications receive them just the same. The result has been that recently the order went out to revise the mailing lists at least once a year.

Further waste has come about in the growing tendency of Government officials other than members of Congress to have their speeches printed for general distribution. An inquiry revealed that from July 1, 1916, to September 15, 1919, the total expense of speeches printed at public expense for Government officers other than members of Congress was \$2,144,362, which requires \$94,101 pounds of white print paper and 557,643 pounds of manila envelope paper, or a total of 1,451,784 pounds of paper. The total expense to the Government for printing and distributing the speeches was \$445,788.78.

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ABRAHAM AND STRAUS INC. BROOKLYN 56th ANNIVERSARY SALES

Every Part of the Store Combines to Give the Year's Best Values

We have planned this extraordinary merchandise event, in celebration of the store's 56th Anniversary, for two reasons:

FIRST, to help our customers to VALUES, when they are being most eagerly looked for.

SECOND, to help the great American manufacturers to keep going under full steam.

We have bought large lots of desirable goods for cash, and shall sell them for prices that cover barely more than the cost to us of the goods, and our low cost of doing business—due to efficient operation and owning our own store property.

Here are a few of the astonishing offerings:

Women's Fine Plush Coats, \$29.95

An extraordinary purchase! One model has an all-round belt and large convertible collar; the other is a loose-backed model, with large cape collar. Silk lined throughout and warmly interlined.

A. & S.—Second floor, Central.

3,000 Samples—Trimmed Hats, \$1.89

Ready-to-wear tailored and attractively trimmed styles. Of milan, milan-hemp, porcupine, Jap and novelty straws, as well as new fabrics.

A. & S.—Mezzanine, East.

Women's New Frocks, \$19.75

New models in Wool Tricotine, Poirer Twill, beadedorgette Crepes, Satins or Taffetas—for large or small women. Trimmed with embroideries and beaded effects. Sizes 34 to 46. Colors, black, navy, brown, taupe.

A. & S.—Second floor, Central.

Women's All-Wool Skirts, \$7.95

Plaids or stripes of desirable color combinations. Full pleated models, with self belts, in sizes ranging from 25 to 32 inch waistbands.

A. & S.—Second floor, Central.

36-inch Hudson Seal Coats, \$245.00

36-inch Coats with the desirable full sweep that every woman seeks. 15-inch cape collars and flaring belt cuffs. Lined throughout with lovely designs of Pussy Willow silks.

A. & S.—Second floor, Central.

Women's Spring Suits, \$37.50

Strictly tailored Tricotine models, one trimmed with bias bands of self material; the other piped with silk braid. Link button Tuxedo model coats. Black, navy or tan. Sizes 34 to 44.

A. & S.—Second floor, Central.

Women's Patent Leather Pumps, \$3.60 pr.

Small tongue, medium vamp, Louis heels. Sizes 2½ to 8 in widths AA, A and B predominating and some of the sizes in wider widths.

A. & S.—Street floor, West.

Misses' Wool Jersey Suits, \$14.95

Smartly tailored, with pleated back, the yoke back with box pleats, the tailored style with inverted pleat, etc. Navy, brown, tan, lapin and new blue. Sizes 14 to 18.

A. & S.—Second floor, Central.

Women's Silk Stockings, \$1.59 pair

These are "irregulars" of the highest grades of women's silk stockings. Popular shades of gray and cordovan and black.

A. & S.—Street floor, Central.

Warner's "Rust-proof" Corsets, \$1.95

1,200 of these well-known Corsets fashioned of pink coutil. They are the same model that ordinarily sells for higher, but are presented for this special event at the lowest possible price. For slender and medium figures with long hip and medium low bust.

A. & S.—Street floor, Central.

All-Wool Mixed Suitings, 98c. yard

These are fabrics that cost last season at wholesale from \$2.35 to \$2.75 a yard, 56 inches wide, 20 different colorings.

A. & S.—Street floor, West.

Women's Sample Undermuslins, 94c.

From a manufacturer who makes better-grade undergarments for Women. White and Pink Batiste Nightgowns, Pajamas and Envelope Chemises. Also Nightgowns and Pajamas of Cotton Crepe in white or colors. White Petticoats, lace and embroidery trimmed.

A. & S.—Second floor, East.

2 1/4-yard Bleached Sheetting, 38c. yard

This is the lowest price quoted on this quality sheetting! A remarkable opportunity to save money especially planned for this sale. A fine, serviceable grade, 2¼ yards wide.

A. & S.—Subway floor, West.

2,400 Men's Silk Ties, 69c.

An extraordinary purchase from a manufacturer who makes nothing but the very finest of neckwear. Four-in-hand styles in figured designs, stripes and solid colors. Many hand made.

A. & S.—Street floor, East.

Men's Calfskin Shoes, \$7.95 pair

Reduced from \$12.20 for the Anniversary Sale. At this price are two very good models; one of dark tan Russia calf; the other of gun metal calfskin. Welted soles and rubber heels.

A. & S.—Second floor, East.

Men's and Young Men's Suits, \$29.50

Excellent tailored suits that were made to sell at \$45 and \$50. All-wool and worsted fabrics in plain shades, mixtures and stripes. Double breasted sizes 34 to 40 and single breasted in sizes 34 to 44.

A. & S.—Street floor, Hoyt Street.

Men's Balbriggan Underwear, 79c.

About 2,500 garments made to sell at \$1.00 a garment. Shirts have short sleeves. The Drawers come in regular, short, stout and knee lengths.

A. & S.—Street floor, East.

Boys' Two-Trouser Suits, \$14.75

113 from our regular stocks, all of \$22.75 grade; 80 of them specially purchased. Of all-wool chevrons in brown and green mixtures. Sizes 8 to 17 years.

A. & S.—Second floor, West.

9x12 Ft. Axminster Rugs, \$44.50

This Anniversary Sale Price represents reductions of 1-3 to nearly 1-2 their original prices. All perfect and heavy grades. Various patterns.

10 Seamless Axminsters, were \$79.50
26 Seamed Axminsters, were \$74.75
6 Seamed Axminsters, were \$69.75
9 Seamless Axminsters, were \$65.75

Also 26 Seamless Velvet Rugs, 9x12 ft., reduced from \$69.75, at \$44.50.

A. & S.—Third floor, East.

Irish Damask Table Cloths, \$4.50

They are 70 by 70 inches, of a good, heavy quality of part linen Irish satin Damask, in six different patterns.

A. & S.—Street floor, East.

100-piece China Dinner Sets, \$29.75

Imported China. Floral designs, with gold line. Sets consist of 12 each, Dinner, Tea, Dessert Dishes and Bread and Butter Plates, Soup Plates, Tea Cups and Saucers; 1 each, uncovered, oval and round covered Vegetable Dishes, Gravy Boat and Stand, Sugar Bowl, Cream Pitcher and 2 Platters.

A. & S.—Subway floor, Central.

Arabian Lace Panels, \$5.95

A very low Anniversary Sale Price for such loveliness. They combine hand-made lace Arabian lace motifs with Marie Antoinette effects. Originally these panels were priced at \$7.95 and \$9.95. The home will be the gainer with such values as these.

A. & S.—Third floor, Central.

Mahogany Gate-Leg Tables, \$39.75

Made to sell for \$60.00. Unusually attractive models with 48-inch solid mahogany tops and large drawer. A style preferred by many for use as a dining table in a small apartment.

A. & S.—Fourth floor, Central and East.

Floor Lamps with Shades, \$21.95

Reduced from \$29.97. Gracefully turned, highly polished bases of solid mahogany. 24-inch silk shades in a number of styles and designs, all silk lined and trimmed with silk fringe.

A. & S.—Third floor, Central.

Aluminum Tea Kettles, \$1.57

Only 2,000 of these highly polished aluminum Tea Kettles in